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SIPDIS

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EUR/PGI FOR D. TESSLER

EUR/WE FOR C. JESTER AND K. OPSTRUP

STATE PASS TO CEQ FOR G. BANKS

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TAGS: SENV ENRG KGHG EUN IT

SUBJECT: ITALY/EU: EUROPEAN COUNCIL TERMS BALI "IMPORTANT
BREAKTHROUGH;" ITALY SEES "HARD SLOGGING" STILL AHEAD

REFS: A) 3/11/08 PRESTON-TESSLER EMAIL, B) STATE 24257

¶1. (SBU) Summary. Italian MFA Minister Andrea Perugini correctly predicted to SCICouns on March 11 that the March 13-14 European Council conclusions would not mention the 25-40% greenhouse gas(GHG) reduction below 1990 levels by 2020 target, and would refer to the "important breakthrough" made at the December Bali Climate Conference. Perugini said Italy was a bit skeptical about terming Bali an "important breakthrough," since they see "a lot of hard slogging" still ahead. SCICouns noted that the 25-40% by 2020 goal would mean the U.S. would have to cut emissions in half in a decade, an impossible target for the U.S. and other countries, and said that if the European Union (EU) were to insist on such an unrealistic mid-term goal, the U.S. would then likely insist that each EU member comply with it individually. She also argued that now is the time to focus on joint U.S.-European action to get India and China to undertake real commitments. Perugini agreed that India and China were making political hay from U.S.-EU differences. Although he defended the need for the "EU (GHG emissions) bubble," he expressed some reservations about the EU process for deciding on and allocating among EU members GHG emissions reduction targets. End summary.

¶2. (SBU) As reported in ref a), SCICouns delivered ref b) points on March 11 to Italian MFA Environment and Sustainable Development Director Counselor Giovanna Piccarreta; Assistant to Prime Minister Prodi for Economic Affairs Ludovica Rizzotti; and to Minister Andrea Perugini of the MFA's Directorate General for European Integration. Min. Perugini said that the last version of the European Council "draft circular," aside from the one which was placed on the Council table just before the arrival of the Council members on March 13, did not mention the 25-40% greenhouse gas(GHG) reduction below 1990 levels by 2020 target. He added that the text did mention the "important breakthrough" made at the Bali Climate Conference in December 2007. (NOTE: The March 13-14 Council conclusions did in fact refer to the "important breakthrough" made at Bali. END NOTE)

¶3. (SBU) Perugini said Italy was a bit skeptical about terming Bali an "important breakthrough," since that seemed to indicate "downhill sledding from here on out" and they see "a lot of hard slogging" still ahead. SCICouns made the case that Bali was an important breakthrough, citing the material from the demarche points and from the March 10 conference call providing context for ref b). The points that seemed to hit home with Perugini the most were the

U.S. national-level mandatory programs, including the Energy Independence and Security Act; the fact that the USG is seeking agreement on a way to reflect nationally-determined mid-term GHG reduction goal(s) for all Major Economies in an internationally binding form; and the fact that the USG is seeking agreement on a shared long-term GHG reduction goal for all Major Economies.

¶4. (SBU) Perugini said that the European Union's "20/20 by 2020" targets for GHG reduction and increased use of renewable energy were "thoroughly political," "top-down," and had "no scientific basis," but he argued that "sometimes you can get results by being ambitious." In fact, he said, if Bali and other U.S. actions are in fact a breakthrough, it could be argued that that is a result of others having set an ambitious goal. SCICouns responded that the USG doesn't have the option of agreeing to an ambitious/unrealistic international commitment and then ignoring it; it will be sued in U.S. courts if it doesn't do what it pledges to do. The USG must thus ensure that it can actually do what it agrees to do. Perugini noted that our systems each have their own peculiarities; the challenge is to find an international arrangement that can work for us all.

¶5. (SBU) SCICouns made the case to all three interlocutors that it is crucial for the U.S. and EU to work together now to get India and China to undertake real commitments. All agreed, although Perugini noted that that is what the EU had argued to the U.S. in the past (presumably, to persuade the USG to comply with the Kyoto Protocol). He agreed that India and China were making political hay from U.S.-EU differences, and took on board the argument that reflecting nationally-determined goals in an internationally-binding form might be the way to get key emerging economies to

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commit to concrete mid-term actions.

¶6. (SBU) SCICouns also made the point, per the March 10 conference call, that the 25-40%-GHG-reduction-by-2020 goal would mean the U.S. would have to cut emissions in half in a decade, and that that would be impossible for the U.S. (as well as for Canada, Japan, Australia, and others). She noted, per ref b) and the conference call, that there are different trajectories for reaching the same long-term global GHG-emissions-reduction goal, and that if the EU were to insist on such an unrealistic mid-term goal as 25-40% by 2020, the U.S. would then likely insist that each EU member comply with it individually. After making a defense of the EU's need for the "EU bubble," due to the very different levels of development within the EU, Perugini said that Italy has its own complaints with the EU allocation of targets. He noted that countries' potential for (and past performance in) taking additional measures to improve energy efficiency and adopt renewable energy had not been adequately reflected in the allocation of the 20/20 targets.

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